



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

February 10, 2008

John Rodriquez, General Manager
The Pep Boys Manny, Moe & Jack of California
300 South Tippecanoe
San Bernardino, CA 92408

Dear Mr. Rodriquez:

RE: FINAL MONITORING VISIT REPORT for The Pep Boys Manny, Moe & Jack of California (Pep Boys) ET06-0187

Date of the Visit:	01/07/08
Beginning/Ending Time:	11:30 a.m. – 1:00 p.m.
Date of Last Visit:	08/31/07
Visit Location:	Via Telephone
Persons in attendance:	John Rodriquez, General Manager, Pep Boys; Donna Bartlett, President, Spectra Consulting LLC (Spectra); and Carole Robinson, ETP Contract Analyst.
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	12/31/05 – 12/30/07	Agreement Amount:	\$357,500
Training Start Date:	01/31/06	No. to Retain:	Job 1 = 100 Job 2 = 150
Date Training must be Completed:	09/29/07	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	110

FINAL REPORT SUMMARY:

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on 04/06/05 and training began on 01/31/06. Ms. Bartlett reported that all training was completed on 09/27/07, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement (12/30/07).

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5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

There were no Modifications or Amendments requested during the term of this agreement.

- **INTERVIEW WITH COMPANY REPRESENTATIVE**

You reported that ETP funded training was initially proposed for this facility as a result of Pep Boys' decision to move West Coast distribution from Los Angeles to San Bernardino County rather than to an out-of state location. You stated that, although training was planned to start immediately upon the planned move, implementation was disrupted due to the sudden departure of Pep Boys' training manager following ETP Panel approval of the this agreement. In addition, development of the Agreement was supported by a third party consultant that did not continue to assist with the administration duties when Pep Boys' training manager left the company. As a result, several months passed without retrainee enrollments and documented training activity. On July 18, 2006, Ms. Robinson sent Stuart Rosenfeld, Vice President of Distribution, and ETP Signatory, a letter of intent to terminate the Agreement based on Ms. Robinson's inability to reach any Pep Boy's representative's via telephone and/or e-mail for the purpose of determining the status of Class/lab training for this Agreement.

Following issuance of the proposed termination letter, you contacted Ms. Robinson and informed her that Spectra had been retained for coordination of training activities and assistance with administrative duties relating to this agreement. Ms. Bartlett subsequently faxed an executed Agency Agreement and a subagreement between Spectra and Pep Boys for the provision of administration services to Ms. Robinson. She also informed Ms. Robinson that upon investigation of Pep Boys' business records, ETP eligible Class/lab training was initiated on 01/31/06 for this facility.

You stated that responsibility for ensuring ETP funded training was initiated and properly documented should have been a responsibility shared among facility supervisors rather than one designated employee to better control the documentation of training activities and retrainee participation. However, Pep Boys was able to regain control of this training project upon retention of an outside party to assist with coordination of training activities and administration of the Agreement. You informed Ms. Robinson that, based upon your experience with four other distribution centers, this facility quickly outperformed the others within a shorter period of time. You attributed this in part to training funded by ETP for both long term employees who transferred from the Los Angeles facility and newly hired employees that supported the geographical change for Pep Boy's west coast distribution activities. You stated that, overall, your experience with ETP was extremely positive and Pep Boys would consider entering into another Agreement with ETP to upgrade the skills of its California employees.

According to company records at the time of this final meeting, Pep Boys is expected to retain a total of 146 (58% percent of planned retentions). Based on ETP's On-line Tracking records, Pep Boys will be eligible for a total reimbursement of approximately \$131,546, (37 percent of the encumbered amount for Jobs 1 and 2) if all other conditions of ETP eligibility are met. Current records show that Pep Boys has received \$26,468 in earned Final payments and \$105,078 in unearned Progress Payments. Ms. Bartlett stated that the company submitted its closeout invoice and is awaiting reconciliation by ETP. The following chart shows the projected statistics by job number.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training: Job 1: (110) Job 2: (128)	238	Completed Training: Job 1: (86) Job 2: (60)	146
Trainees Enrolled: Job 1: (123) Job 2: (138)	261	Completed Retention: Job 1: (86) *(18) Job 2: (60)	146
Dropped Following Enrollment: Job 1: (37) Job 2: (78)	115	In Retention Period:	0
No. Completed Minimum Reimbursable Hours : Job 1: 76 Job 2: 50	126		

* Number of retrainees in Job 1 approved by ETP for final reimbursement.

The per retrainee reimbursement for Class/lab is based on the total actual number of training hours completed for each retrainee, provided the minimum and no more than the maximum class/lab training hours are completed, and all other Agreement terms and conditions are met. Including the above 18 retrainees who have completed retention, 146 retrainees in both Job numbers have completed 9,605 hours of Class/lab training. This equates to a potential reimbursement of \$124,865, if all other terms and conditions of the Agreement are met including 90-day retention and wage requirements. As of the date of this visit, Pep Boys has received \$78,305.50 in unearned progress payments.

SUBAGREEMENTS:

You confirmed that all administrative activities were performed through a subagreement with Spectra and training for this Agreement was conducted by Pep Boy's employees/in-house trainers. During a previous Monitoring Meeting, Spectra submitted an executed subagreement to ETP for review. The subagreement contained all ETP required language regarding payment from ETP funds not to exceed 13 percent of funds earned for the Agreement.

ATTENDANCE ROSTERS:

Ms. Robinson reviewed class/lab attendance rosters for seven randomly selected trainees who are enrolled in Jobs 1 and 2. She compared the rosters to the Agreement's Curriculum and checked to ensure that each roster contained the necessary information required by ETP, under Title 22, California Code of Regulations, 4442. In addition, she compared the number of training hours in Pep Boys' tracking records for the seven retrainees selected with the number of training hours documented on the applicable Class/lab Rosters.

Ms. Robinson found that the records reviewed for the seven selected retrainees contained the necessary information required by ETP and the Class topics matched those contained in the Agreement's Curriculum. The review of the above sample also verified that the hours reported

on Pep Boys' tracking records matched those contained within the applicable Class/lab Rosters. All five invoices submitted prior to the date of the final visit were validated in previous Monitoring Reports.

AUDIT:

Pep Boys will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk audit (or "review"). These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit confirmation letters. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

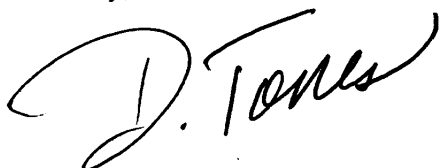
- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Ms. Robinson reminded you that records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding the information contained in this letter, please contact Carole Robinson at (619) 686-4971, within ten (10) working days from the receipt date of this letter.

Sincerely,

A handwritten signature in black ink, appearing to read "D. Torres", with a stylized flourish at the end.

Diana Torres, Manager
San Diego Field Office

A handwritten signature in cursive script that reads "Carole Robinson".

Carole Robinson, Contract Analyst
San Diego Field Office

cc: Kulbir Mayall, ETP Fiscal Manager
Spectra Consulting
Master File
SD Project File

Date report mailed to Contractor 02/14/08